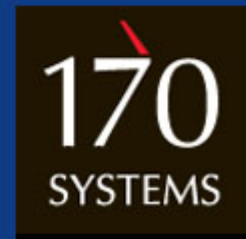




Shared Service Implementation - Success or Stalemate

June 29, 2005



Introductions

- Jill Hitchen
Marketing Programs Manager
170 Systems, Inc.
- Khem Balkaran
Director
ETG Consulting Group

Webcast Outline

- Discussion Topics

- Shared service center industry trends
- 170 Systems introduction
- Marsh, Reader's Digest, and Reuters Case Studies
- 170 MarkView overview

- Polling questions

- Q & A

- Submit questions via "chat" tab
- Question and Answer follow-up via e-mail

- Survey



170 Systems Overview

About 170 Systems

- 170 Systems® is the leading provider of software products and services that capture and manage all of the information associated with core financial functions.
 - Compelling ROI by eliminating costs and time associated with manual, paper-based processes
 - Strong Internal Controls that reduce fraud and errors by automatically enforcing corporate policies and procedures with full reporting and audit capabilities
 - World-Class Best Practices via automated workflows seamlessly integrated with your existing ERP investment



170 MarkView Applications

170 MarkView Financial Suite

- Purchase-to-Pay
 - Accounts Payable
 - Purchasing
 - Expense Management
 - Contract Management
- Accounts Receivable
- General Ledger
- Fixed Assets

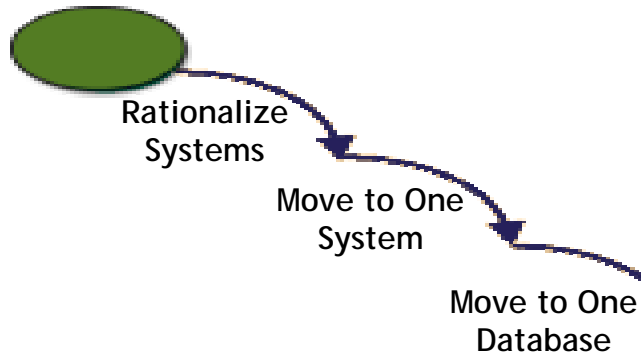
Additional ERP-Centric Solutions

Property Management
HR
Project Management
More

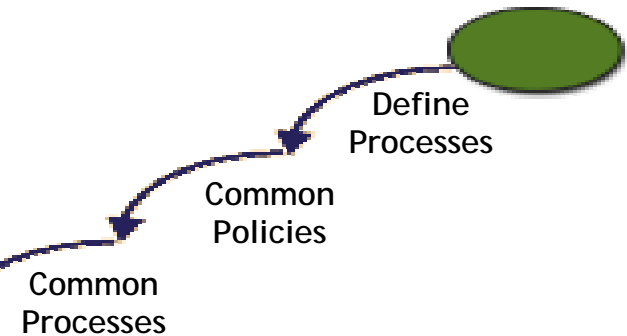
Shared Service Center Industry Trends

The Evolution to Shared Services

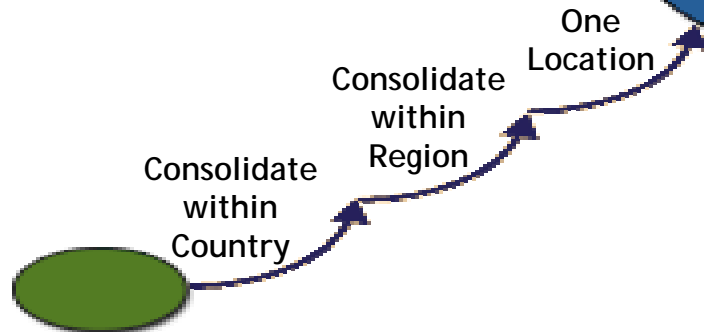
Multiple Systems



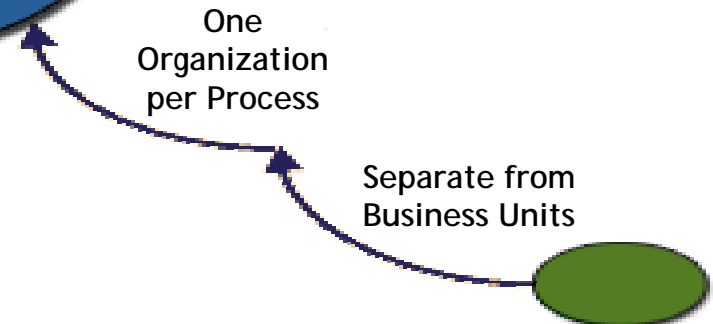
Multiple Processes



Multiple Locations



Multiple Organizations



Deloitte Shared Services Survey Executive Summary



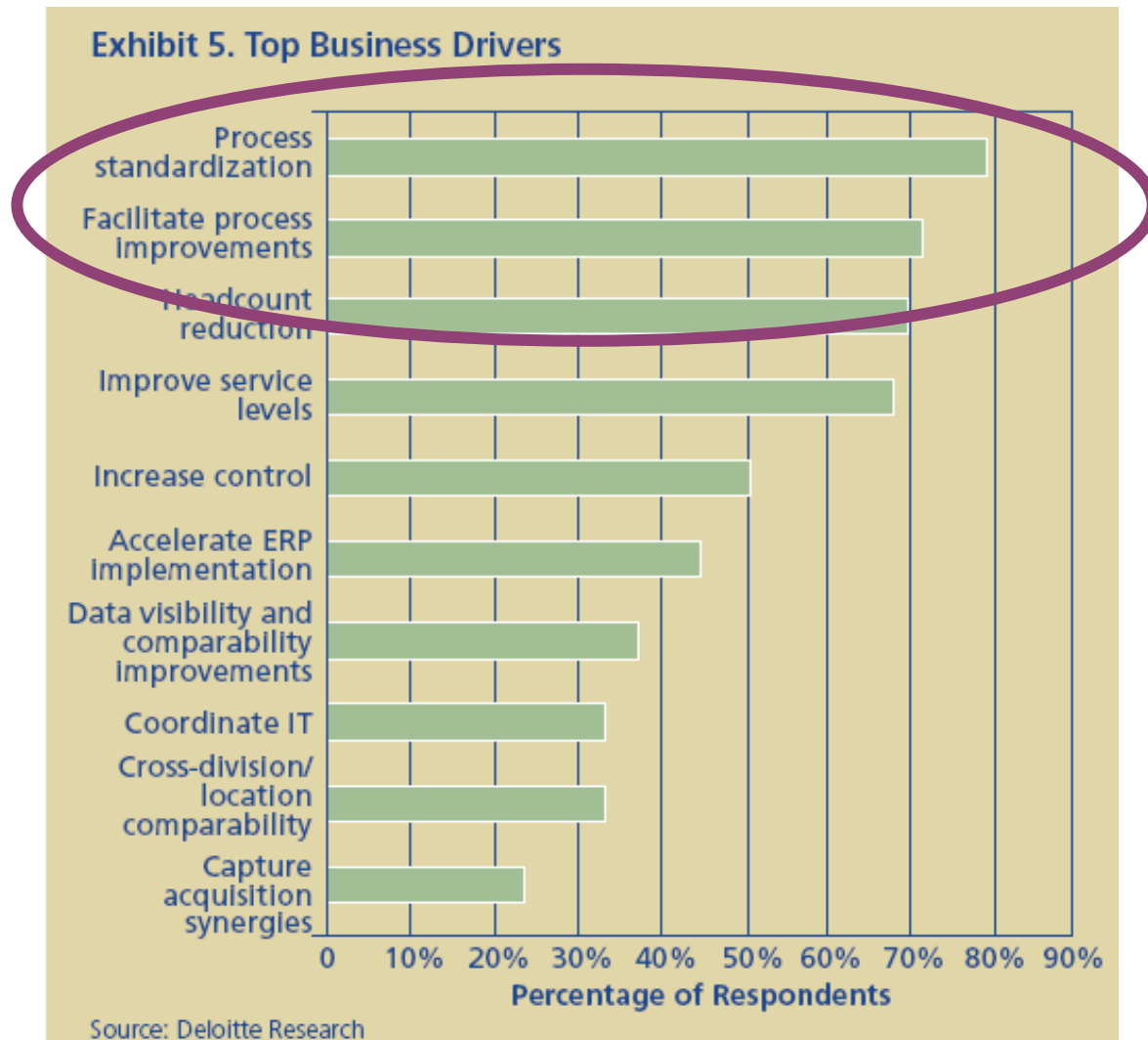
- Headcount reduction is not the #1 priority
- Primary drivers are process standardization and process improvements
- AP is still the top shared service function but GL, FA, AR, T&E and procurement rank high as well
- Internal customer relations are key - unhappy Line of Business customers will destabilize the center.
- Technology is critical - continued focus on automation will help reduce costs and improve service levels



Source: Deloitte Research: The Future of Shared Services, 2003

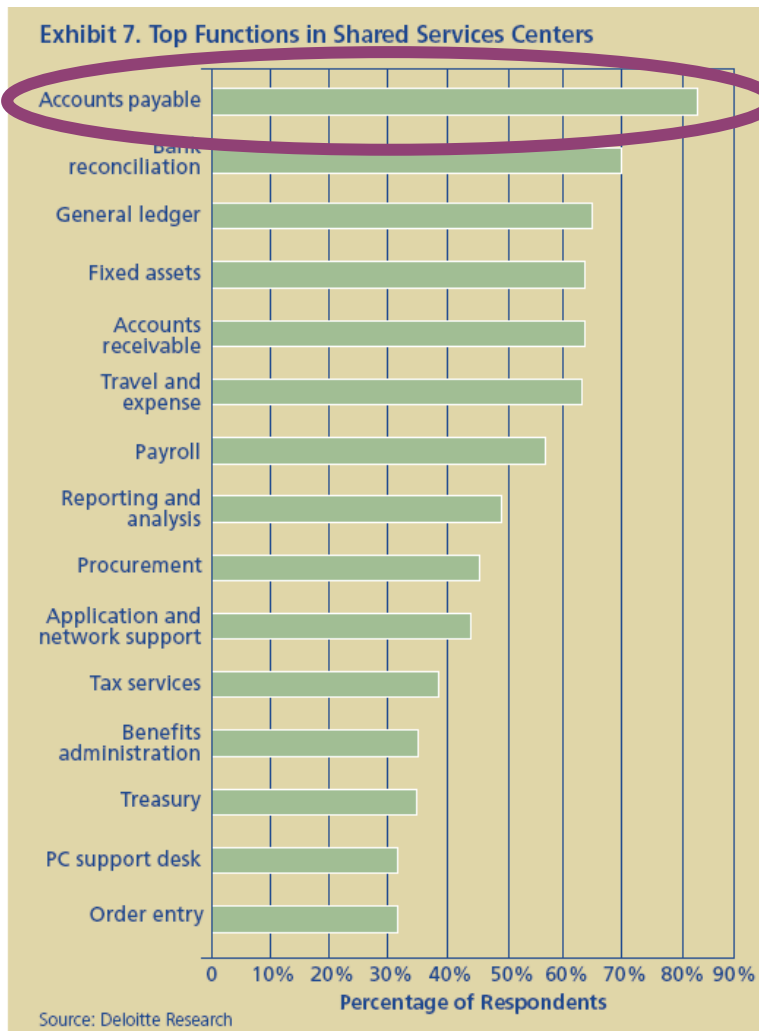
Deloitte Shared Services Survey: Top Business Drivers

- 170 MarkView's out-of-the-box, best-practice workflows both improves and standardizes processes.



Source: Deloitte Research: The Future of Shared Services, 2003

Deloitte Shared Services Survey: Top Functions



- AP still top function
- Other members of the 170 MarkView Financial Suite also rank highly:
 - GL, FA, AR, T&E and Procurement

Deloitte Shared Services Survey: Top Initiatives



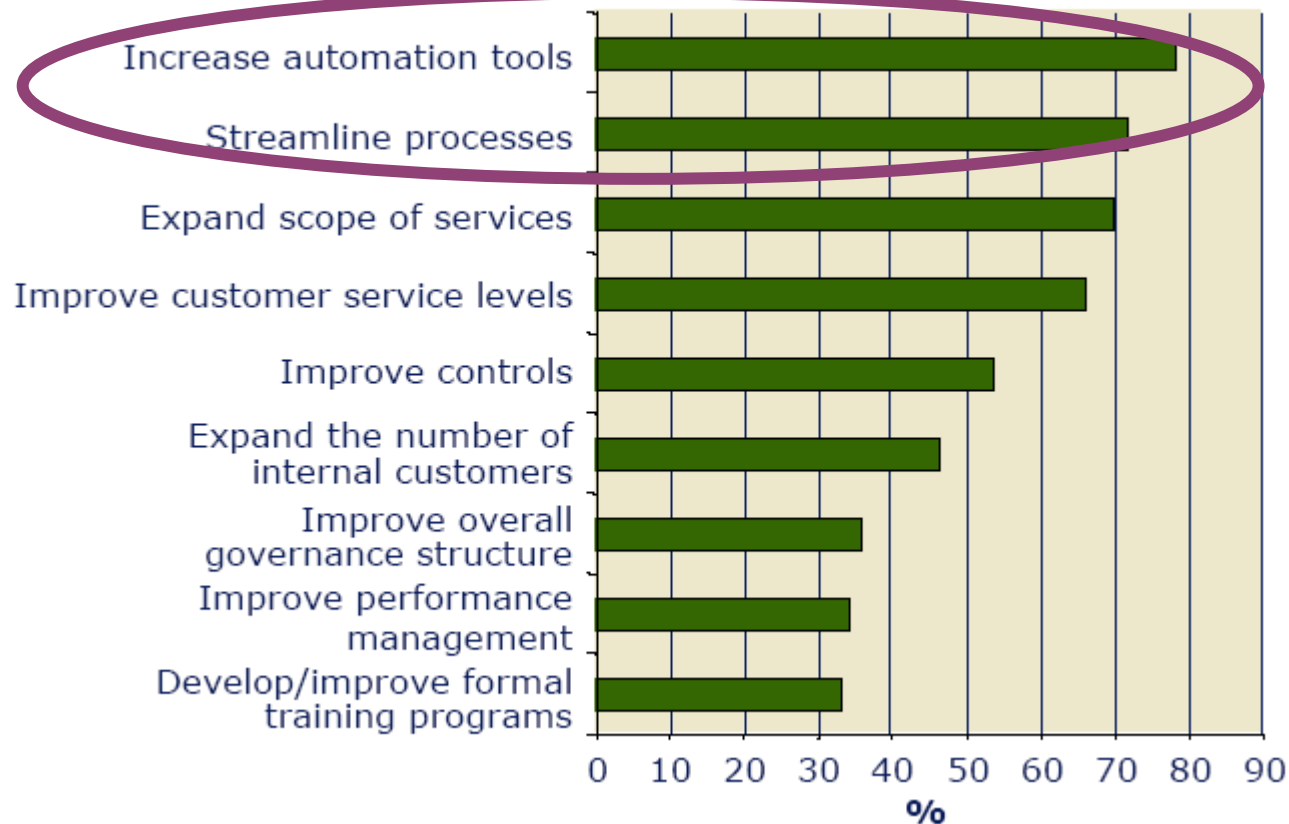
- *Optimization and control* are the most important next steps
- 100% agreed that continuous improvement was a top priority
- Future improvements hinge on technology that:
 - standardizes processes
 - boosts service levels
 - gets better *control* and measurement of operations



Source: Deloitte Research: The Future of Shared Services, 2003

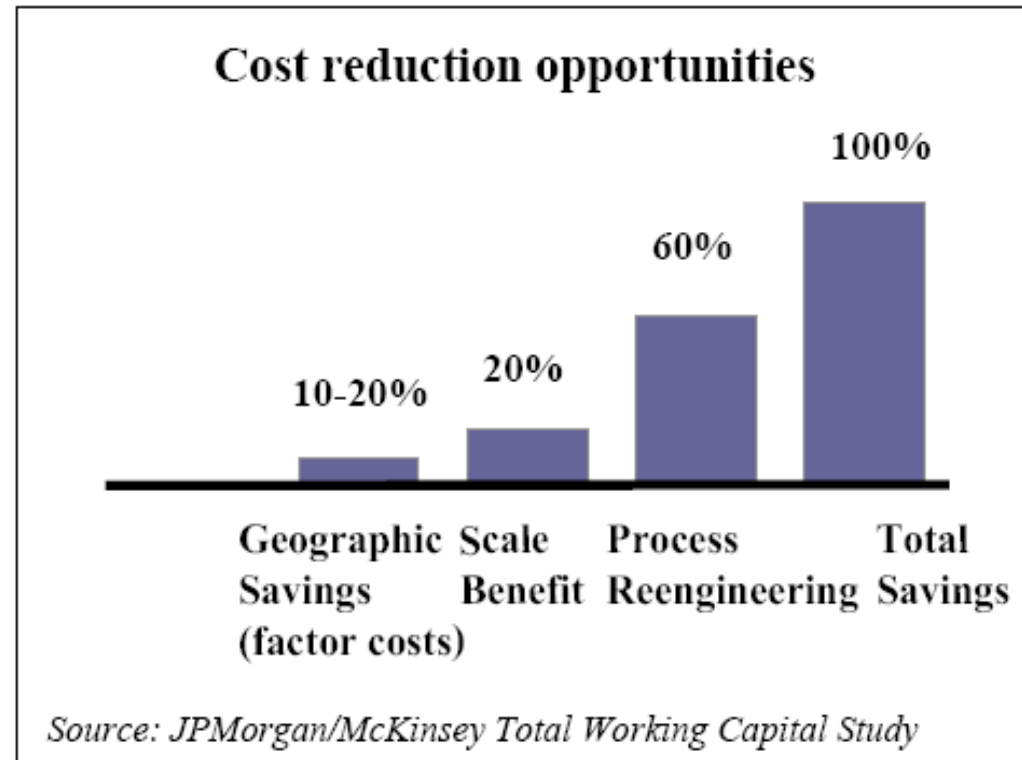
Deloitte Shared Services Survey: Top Initiatives

Top initiatives planned for the SSC



The Future of Global Shared Service Centers

- According to a 2004 JPMorgan Chase Solutions Development study, a global approach to shared service centers offers significant potential for cost savings and improved service.



The Hackett Group -- Trends & Predictions

People

- Shared service leaders will continue to be elevated
 - Global process ownership
 - Influence over strategic decisions
 - Information architects
- Clerical staff largely disappear, at least for World-Class companies
 - Self-service
 - Technology
- Staff skills become more analytical & customer relations focused

Risk and Compliance

- Sarbanes-Oxley impact on increasing costs will be temporary; little change in World-Class
 - CFO's will leverage shared services for better control points
 - Most policies and procedures will be shared services based
- Sarbanes-Oxley will help drive the adoption of shared services

Scope Expansion

- Shared service organizations will take on more responsibility
- New end-to-end process responsibility beyond finance shared services
 - Procure-to-Pay
 - Order-to-Cash (Invoice-to-Cash)
 - Plan-to-Report (Plan-to-Results)
 - Hire-to-Retire

Sourcing Strategies

- Movement to global shared service models
 - Pressure to move to lower labor markets
 - Enabled by global ERP platforms
 - Process management key regardless of sourcing mix
- Limited commercialization of internal shared services
 - Major players already in the market
 - Want to retain focus on key issues such as Sarbanes-Oxley

Shared Services Challenges

- Systems and Technology *must* be **Robust**
- Processes *must* be **Scalable**
- Processes *must* enforce **Strong Internal Controls**
 - How are authorizations, approvals and reviews enforced?
 - How much visibility is there into the process?
 - How are duties segregated?
 - How are audit trails maintained?
 - How complete are internal audits?
 - How is transaction-level backup managed?
- Processes *must* be **Streamlined**

Three 170 Systems Shared Service Center Implementations: Marsh, Reader's Digest, Reuters



ETG Consulting

- Director, ETG Consulting – Specialized in business process improvement and SSC development
- Prior experience implementing solutions at:
 - Marsh, Project Manager (*AIP*)
 - Reuters, SVP of Business Service Centers
 - Reader's Digest, International Controller (*Global Business Service Center responsibility*)
 - Avon, Director of Finance (*Financial Shared Service Centers*)
- 10 Years experience implementing ERP and Oracle applications



Marsh Corporate Overview

- Marsh Inc. is the world's leading risk and insurance services firm
- Marsh offers risk management, insurance brokering and program management services for businesses, public entities, professional-services organizations, private clients and associations
- Formed in 1871-- grown to 410 offices and 40,000 employees who serve clients in more than 100 countries
- Offices in over 70 locations in the USA



Key Decision Factors

- A single global instance of Oracle Apps. Release 11.5.9
- A shared service center in Denver is utilized to manage the financial processes including Accounts Payable, GL, AR, and expense management
- In 2003, Marsh started a Global Automated Invoice Processing initiative

Marsh--AP Department Overview

- The Shared Service Center processes approximately 12,500 invoices/month, totaling 150,000 annually
- Invoices almost always contain multiple lines
- Organizational structure and approval hierarchy requires multiple coders and approvers
- No Purchase Order, but number of contracts for services

Marsh--The Vision

- As a growing global organization, Marsh needed to streamline and automate their manual financial processes.
- Marsh realized they needed to leverage their investment in the Oracle technology and bring financial services to the next level.
- Create a standard process that will enable efficient payment, improved internal control and better internal/external customer experience.
- Using Oracle as a springboard to deploy business process management technology to streamline and automate the manual financial processes.

Old Business Process

- Decentralized - Payment was done in 5 separate locations
- Inconsistency in the process and application of policy
- Cost of archiving paper
- Approval process not automated
- Lack of compliance to payment terms
- Duplication of effort accounting entries and closing books timely
- Use of scanning for Journal support --- memory

Business Process Management Requirements

- A web-enabled solution that was tightly integrated with existing Oracle Financials applications
- Automated workflow routing for authorization specific to each set of books
- Full audit trail that includes appropriate user Id's to ensure corporate compliance and controls are enforced along with the segregation of duties
- Ability to see images in all current and future Oracle Financials modules
- Flexibility to have invoices faxed into the system - for urgent and confidential payments

Business Process Management Requirements

- Oracle multi-org accommodated such that US only sees US set of books and vendors.
- Ability to handle a complex set of authorization rules by business and category of expenditure
- Leverage data that already exists within our Oracle Applications, such as the vendor master file, without having to duplicate data in another system. Interactive session on validating data.
- An easy, intuitive solution that we could rollout to thousands of users, with a minimal level of training

Process Re-Design/Best Practices - Non-PO Invoices



- Leveraging Workflow for Invoice Coding
 - Ownership: Workflow coupled with the Distribution Form Markup ensures invoices are fully and accurately coded via the web by user interaction with document image
 - Avoids Errors: Coding entered via markup is validated as if keyed directly into Oracle Applications
 - Self-Service Saves Time: Data entered once by field user (do not need to be contacted again by AP for incomplete, incorrect, or illegible distributions)
 - Efficient: Updated on-line, real-time in Oracle Applications (eliminates AP keying)
 - Accounting: Liability is established immediately for analysis and reporting



Process Re-Design/Best Practices

Process Design Benefits

- Receive all invoices centrally at the BSC. Improved operational efficiency
- Reduced operational cost
- Improved accounting and Internal control
- Improved internal customers and vendor relationship

Related Business Changes

- Clear Spend Policies
- Understood Controls
- Escalations: defined, simple, swift, certain
- Training provided so people understand the “why” of the A/P process

Marsh--The Solution

- Technology:

- A business process management solution from 170 Systems was chosen and deployed in 2004 to automate and streamline the Accounts Payable and General Ledger applications

- Process:

- Accounts Payable invoices are sent to the shared service center where they are sorted, categorized and scanned into the 170 MarkView system

- Change Management:

- Invoices are routed to the appropriate contact person(s) for imaging, header record, distribution coding, authorization, validation and payment. This end-to end solution is tightly integrated with the Oracle AP module.



Marsh--Single Step ERP Data Entry

Oracle Applications

File Edit View **Folder** Tools Window Help

Invoices

Batch Control Total
Actual Total

Type	Supplier	Supplier Num	Site	Invoice Date	Invoice Num	Invoice Cur	Invoice Amount
Standard	A-1 Lighting	47	SACRAM	10-AUG-2003	7090B	USD	139,700.00

Amount Paid: USD 0.00

Holds: 0

Status: Never Validated

Approval: Not Required

Distribution Total: 0.00

Accounted: No

Desc:

Actions... 1 Hglds Payments Match Purchase Order

Scheduled Payments Overview Distributions

170 MarkView Viewer Web Edition -- Non-PO Invoice: A-1 Lighting (7090B) - Pg 1 of 2

A1 Lighting

INVOICE 7090B

4202 Beale Street, Sacramento, CA 94032
Phone: 1 916 333 0300 Fax: 1 916 333 0310

Date: 10-Aug-03

Ship To: Global Manufacturing, Inc.
Attn: Receiving
140 Global Parkway
Sacramento, CA 95670

Bill To: Global Manufacturing, Inc.
Attn: Brad Lipman
140 Global Parkway
Sacramento, CA 95670

Order #:	Terms:	Ship Via:	Salesperson:
	2/10 Net 30	DHL	Jeanne Simms

Product ID	Product Name	Quantity	Unit Price	Discount	Extended Price
1134	TECH WALL FIXTURE	115	1000.00	0%	115,000.00
23002	WILSON SEMI-FLUSH LIGHTS	50	250.00	0%	12,500.00
322-14-5	500 FT ROLL 14 GAUGE WIRE	1	500.00	0%	500.00
665	ELECTRICAL RECEPTION BOX	1	2250.00	0%	2250.00
	25 LINES				
	XTNS FOR 3 ADDITIONAL BOXES				
	3 VIEWERS				
	3 EXPANSION MANUALS				

Page 1 of 2

- One-time indexing
- Indexing from image (v. paper)
- Permanent association on save

Marsh--The Solution in Action

170 MarkView Viewer Web Edition -- US: BOWNE (I-04060227-01) -- Pg 1 of 7

INITIATE US Denver Invoice Scan 8923 Queue: Approval Hierarchy Error

Invoice Distributions - MARSH ACCOUNTING FLEXFIELD

Invoice: I-04060227-01 (BOWNE)
Saved Distribution Lines: 14

Invoice Total (USD): 34,092.08
Amount Undistributed (USD): 0.00

Type	Amount	ENT	ACCT	LOCAL	LOCT	ACTIV	PRD	BUS	INT	PROJ	MISC	Description	Employee Number	Del	Dup
11 Item	8,249.00	1061	587401	0000000000	1061	10441	132	111	0000	000000	000000	Bowne Buss. sol.			---
Account Description: WASHINGTON DC OFFICE - (.OFFICE SERVICES.NOT REQUIRED.WASHINGTON DC.GENERAL EXPENSE.ADMIN															
12 Item	47.59	1061	587401	0000000000	1061	11417	302	201	0000	000000	000000	Bowne Buss. sol.			---
Account Description: WASHINGTON DC OFFICE - (.OFFICE SERVICES.NOT REQUIRED.WASHINGTON DC.PRACTICE DEVELOPMENT															
13 Item	46.00	1061	587401	0000000000	1061	12251	152	126	0000	000000	000000	Bowne Buss. sol.			---
Account Description: WASHINGTON DC OFFICE - (.OFFICE SERVICES.NOT REQUIRED.WASHINGTON DC.PROPERTY.PROPERTY.RISK															
14 Item	31.71	1201	257450	0000000000	1201	12401	100	100	0000	000000	000000	Bowne Buss. sol.			---
Account Description: SEATTLE - WASHINGTON (DEL.I/O ITEMS NOT BILLED/CHAR.NOT REQUIRED.SEATTLE.BALANCE SHEET.BALANCE															
15 Item															
Account Description:															


OK Cancel


If payment is not received by the due date stated on this invoice, we will have the right to charge you interest at the lesser of (a) 12% per year, (b) the interest rate stated in our contract with you or the maximum interest permitted in your jurisdiction. All prices and charges are measured in US dollars.

Marsh--The Solution in Action

- Leverages ERP approval hierarchies
- Automated routing up the approval chain
- Security authorizations
- Complete audit trails to aid approvers
- Approval audit trails tracked

170 MarkView Viewer Web Edition -- Non-PO Invoice: A-1 Lighting (70908) - Pg 1 of 2

**INVOICE**
70908



4707 Beale Street, Sacramento, CA 94632
Phone: 1 916 333 0500 Fax: 1 916 333 0310



Date: 10-Aug-03

Ship To: Global Manufacturing, Inc.
Attn: Receiving
140 Global Parkway
Sacramento, CA 95870

Bill To: Global Manufacturing, Inc.
Attn: Brad Lipman
140 Global Parkway
Sacramento, CA 95870

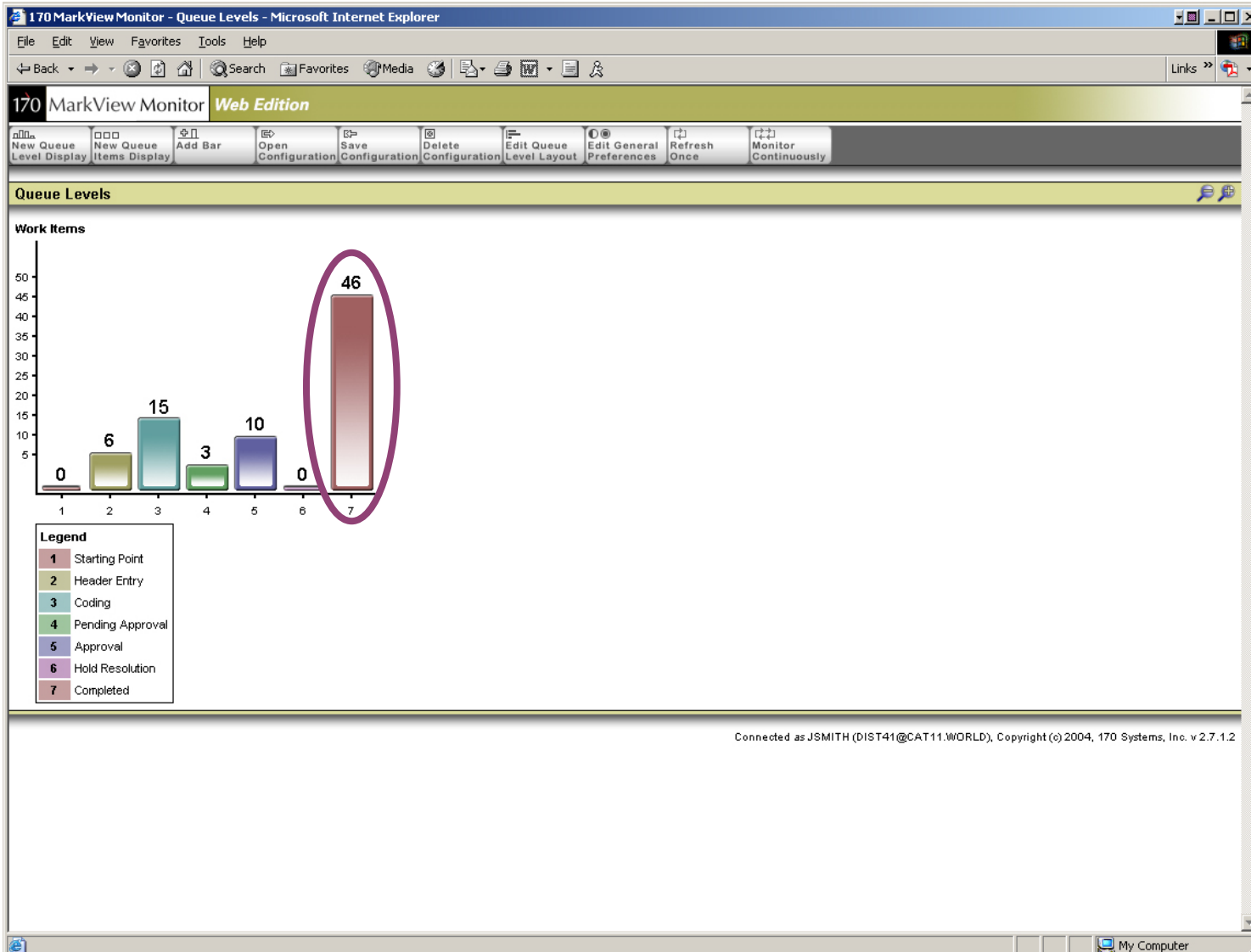
Order #:	Terms:	Ship Via:	Salesperson:
	2/10 Net 30	DHL	Jeanne Simms

Product ID:	Product Name:	Quantity:	Unit Price:	Discount:	Extended Price:
1134	TECH WALL FIXTURE	115	1000.00	0%	115,000.00
23002	WILSON SEMI-FLUSH L	50	250.00	0%	12,500.00
322-14-5	500 FT ROLL 14 GAUGE WIRE	1	500.00	0%	500.00
665	ELECTRICAL RECEPTION BOX	1	2250.00	0%	2250.00
	25 LINES				
	XTNS FOR 3 ADDITIONAL BOXES				
	3 VIEWERS				
	3 EXPANSION MANUALS				


 **APPROVED**

Page 1 of 2

Marsh -- Audit Trail & Drilldown Backup



Productivity Gains

- Very Streamlined Processes
 - High visibility - end to end
- Significant Field Approval Process
 - Easy access to approve
- Transparency
 - Access to Information Outside of Core Process Status of payment;
170 MarkView Process Monitor
- More Accurate Accounting, Close & Reconciliation Process
 - Reporting at a single point
- Sarbanes-Oxley compliant reporting
 - Well documented process with system controls; productivity based reporting

Summary of Benefits

- Tight ERP integration enables “best practice” processes
 - Streamlined processes with demonstrable ROI
- Strong internal controls
 - Complete audit trails & transaction backup for “bottom up” audits
 - Segregation of duties
 - Early visibility
 - Real time monitoring with alerts
- Scalable architecture enables new business models
 - Shared Service Centers

Marsh -- Next Steps/ Future Direction



- Marsh continues to see significant benefits from deploying the business process management solution
- Will be able to extend efficiencies throughout the worldwide organization, enabling them to better manage processes, people and the products they offer
- The current rollout is being extended to 14 countries in Europe
- Marsh also plans to automate the expense reporting and contracts repository in the coming year



Reuters Inc.

- Reuters Group PLC
 - The leading source of Breaking Business News, Full News Coverage, Stock Quotes and Global Market Data.
 - 4 Regional Shared Service Centers
 - London, Amsterdam, Singapore, and St Louis
- Overview of implementation:
 - Global platform of Oracle 11i; Tool that tightly integrated with Oracle, sensitive to future upgrades and customization cost, easy to train end users, can handle volume of documents, and that can scale up for later business initiatives.
- What's new?
 - Leveraging internal resources to further streamline Accounts Payables process.
 - Further reduction in specialized expense types like Telecom where it is necessary to have integration with third party application for processing.
- Where they are now?
 - Continue to leverage the capabilities of the tool to drive out cost, improve quality of service.

Reader's Digest Inc.

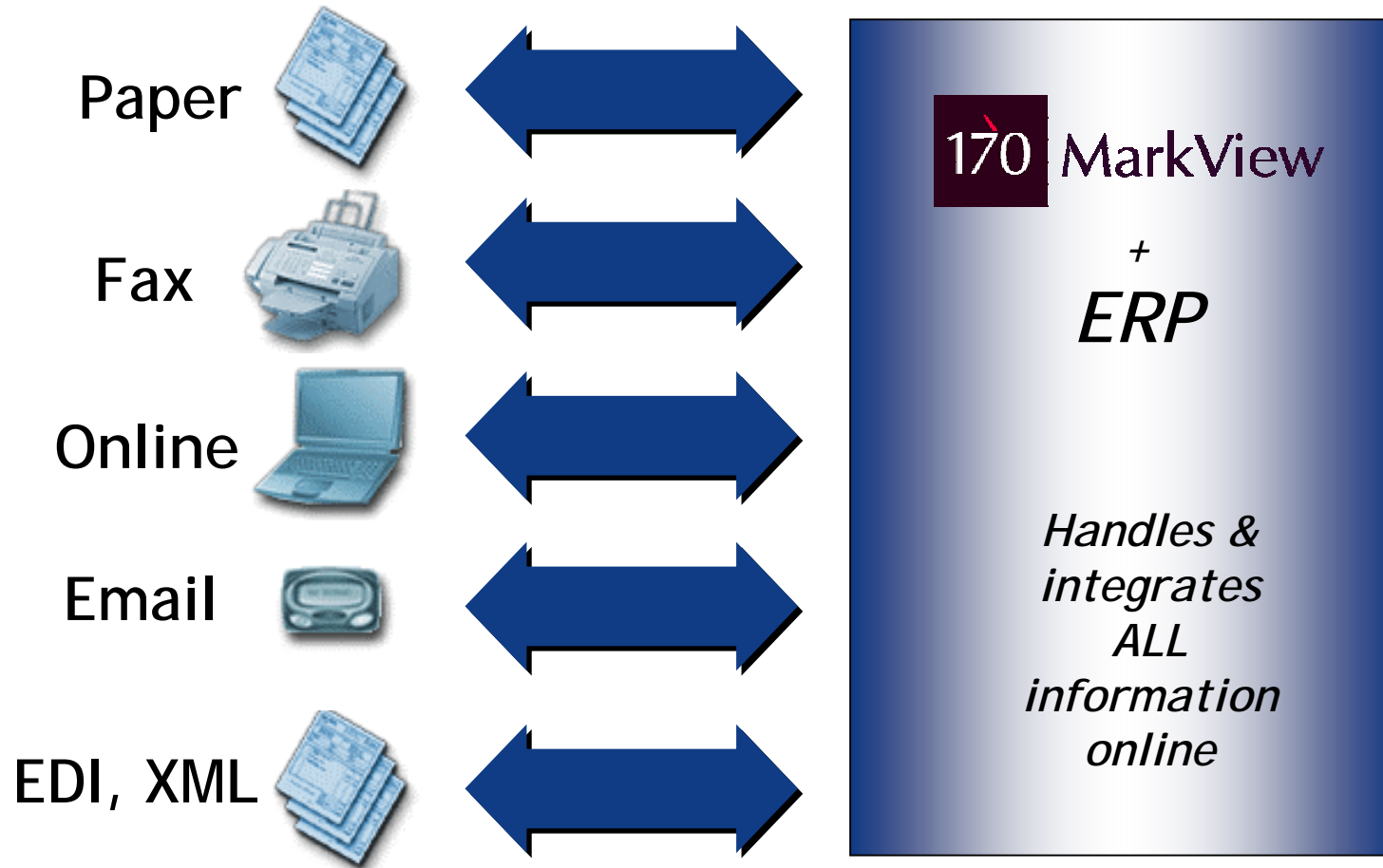
- Readers' Digest
 - Global leader in publishing and direct marketing
 - 2 Regional Shared Service Centers
 - Amsterdam, New York
- Overview of implementation
 - 170 systems is used for AP processing in US & Europe: One Shared Services in Amsterdam process for all Central and Eastern Europe and one in the US.
 - A tool that can eliminate the manual input - Sweeps.
 - Tool to handle freelance writers billing; none standard format of invoice and Fax in versed mail in invoices.
- What's new
 - Integrated Oracle Authorization Matrix. "One point for Approver data entry".
 - Used OTC for automatically tracking Sweepstake certificate.
 - Use of third party " Business Exchange". Take the paperless concept beyond your organization.
- Where they are now
 - Plan to upgrade to Oracle 11i.
 - Continue to leverage the Tool to improve the controls

170 MarkView Overview

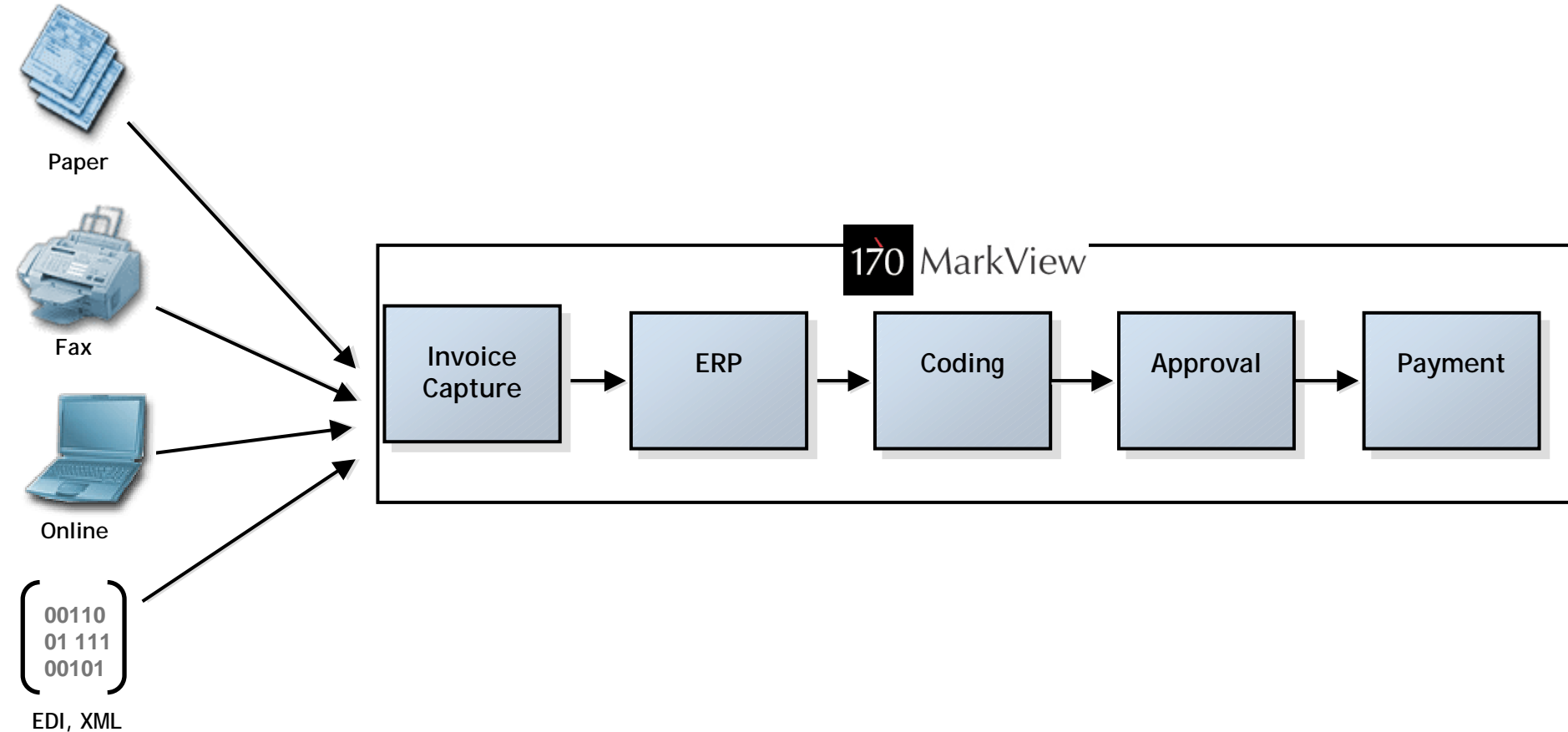


170 MarkView[®]

Financial Business Process Automation



170 MarkView: Best Practice Non-PO Process



170 MarkView 3 Year ROI 332%, 7.4 month Payback



■ Productivity Gains

- Focus on value-added activities
- Reduction in staffing requirements
- Improved service levels to lines of business

■ Reduced Operating Costs

- Document transport fees
- Storage/Filing costs
- Lost documents costs
- Ongoing compliance costs
- Audit costs, fees & penalties
- Audit recovery fees

■ Better Cash Management

- Duplicate payments
- Overpayments
- Error reduction
- Discounts
- Tax savings
- Finance charges & late fees
- Fraud prevention and detection



170 Systems Sample Customers

- Academy Schools
- ADVO
- AmeriCredit
- Ash City
- Atmos Energy
- AT&T USA
- AT&T International
- BellSouth
- Boral Bricks
- British Telecom
- Brocade
- Burson-Marsteller
- Canon
- Carlson Companies
- Cendian
- Cendant
- CIGNA
- Citigroup
- Clipay Corporation
- Consumers Union
- Dell
- Dun & Bradstreet
- Eaton
- Electronic Arts
- Embry-Riddle Aeronautical University
- Equant
- Essilor International
- E*Trade Financial
- First American Real Estate
- Gaylord Entertainment
- GE Corporate
- GE Energy
- GE Real Estate
- GIA
- Granite Services
- GreenPoint Financial
- Harvard University
- Inter-Tel
- JPMorgan Chase & Co.
- Juniper Networks
- Intracorp
- Igloo
- Kerr-McGee
- Lansing Community College
- The Macerich Company
- Magellan Midstream Partners
- M.A. Mortenson Company
- Maritz
- MasterCard
- Marsh
- Mattel
- Meredith Corporation
- Michael Baker Corporation
- Millipore

170 Systems Sample Customers

- Mirant Corporation
- MyTravel
- NCR
- NCS Pearson
- New Line Cinema
- NYC Housing Development Corp.
- Nordstrom
- Overture/Yahoo
- PacifiCare Health Systems
- Princess P&O Cruise Lines
- RCN
- Reader's Digest
- Reuters
- Ryerson University
- San Diego State University
- SAS
- Schreiber Foods
- Scottish Legal Aid Board
- Seagate Technology
- Select Medical Corporation
- Smith International
- The J.M. Smucker Company
- Sony Corporation
- Sportsman's Warehouse
- Stanford University
- Starbucks Corporation
- Suffolk Construction
- Toronto Dominion Bank
- Toyota Europe
- TUI AG
- Unisys-Liberata
- University of Pennsylvania
- US Government -- DOT
- US Government -- FAA
- US Government -- Coast Guard
- Vectren Corporation
- Verizon Wireless
- Warner Music
- Williams
- Xansa

Which Would You Choose?

Redesigned and Automated AP Process

- Total Cycle Time - 4 days
- Vendor faxes, scans, emails, (electronically transfers) invoice to SSC - 1 day
- SSC enters header data into Oracle, and invoice is automatically routed to the field - 1 day
- Field distributes, and invoice is electronically forward to approver - 1 day
- Approver approves. Process is complete - 1 day

Manual AP Process

- Total Cycle Time - 16 days
- Vendor mails paper copy of invoice to the field employee - 5 days
- Field employee manually enters distribution data, takes photocopy, and forwards for approval - 4 days
- Approver reviews, manually writes "approved" (or rejected) and mails to SSC - 4 days
- SSC AP analyst re-keys distribution data - 3 days



The Shared Service Center -- Measuring Success



- How well have you standardized processes?
- How have you facilitated process improvements?
- Have you strengthened internal controls?
- Can you measure the efficiencies gained?
- How well have you eliminated costly errors with the use of automation tools?



Now What To Do? - 3 Choices

1. Personalized Demo and Discussion
2. ROI Analysis
3. Solution Specialist Forums
 - Oracle Forum: Thursday, June 30th at 11:00 am
 - PeopleSoft Forum: Tuesday, July 26th at 11:00 am

Inquire at forum@170systems.com



Register for Our Upcoming Webcast

- Automating and Streamlining Expense Management to Boost Your Bottom Line
 - Wednesday, July 20th
 - 11:00 am (EDT) / 8:00 am (PDT) / 4:00 pm (GMT)



Upcoming Events

- Oracle Government Users Conference
July 21, 2005
Washington, DC
- IOMA's Accounts Payable Forum for College and University Professionals
August 7-9, 2005
Boston, MA
- Oracle OpenWorld
September 17-22, 2005
San Francisco, CA

Q & A

- For more information, please visit <http://www.170systems.com/>
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+1-781-743-1900

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- Visit 170 Systems at www.170systems.com

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